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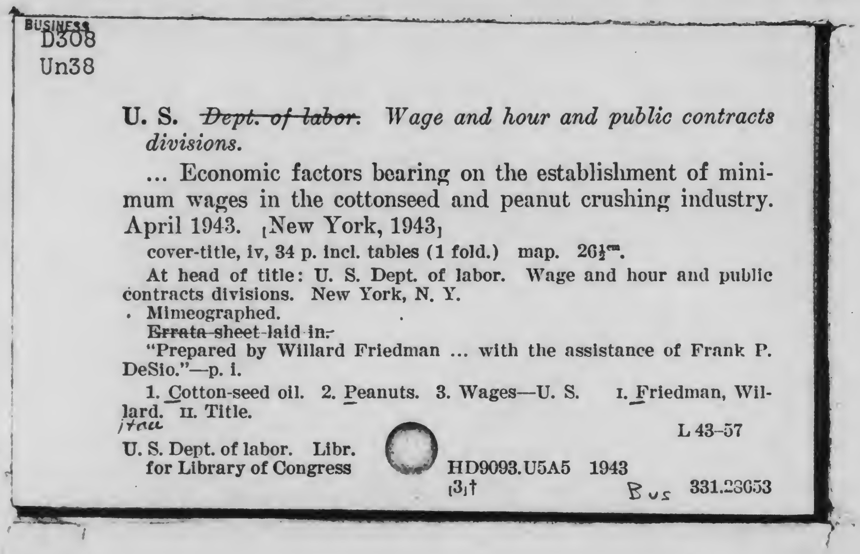

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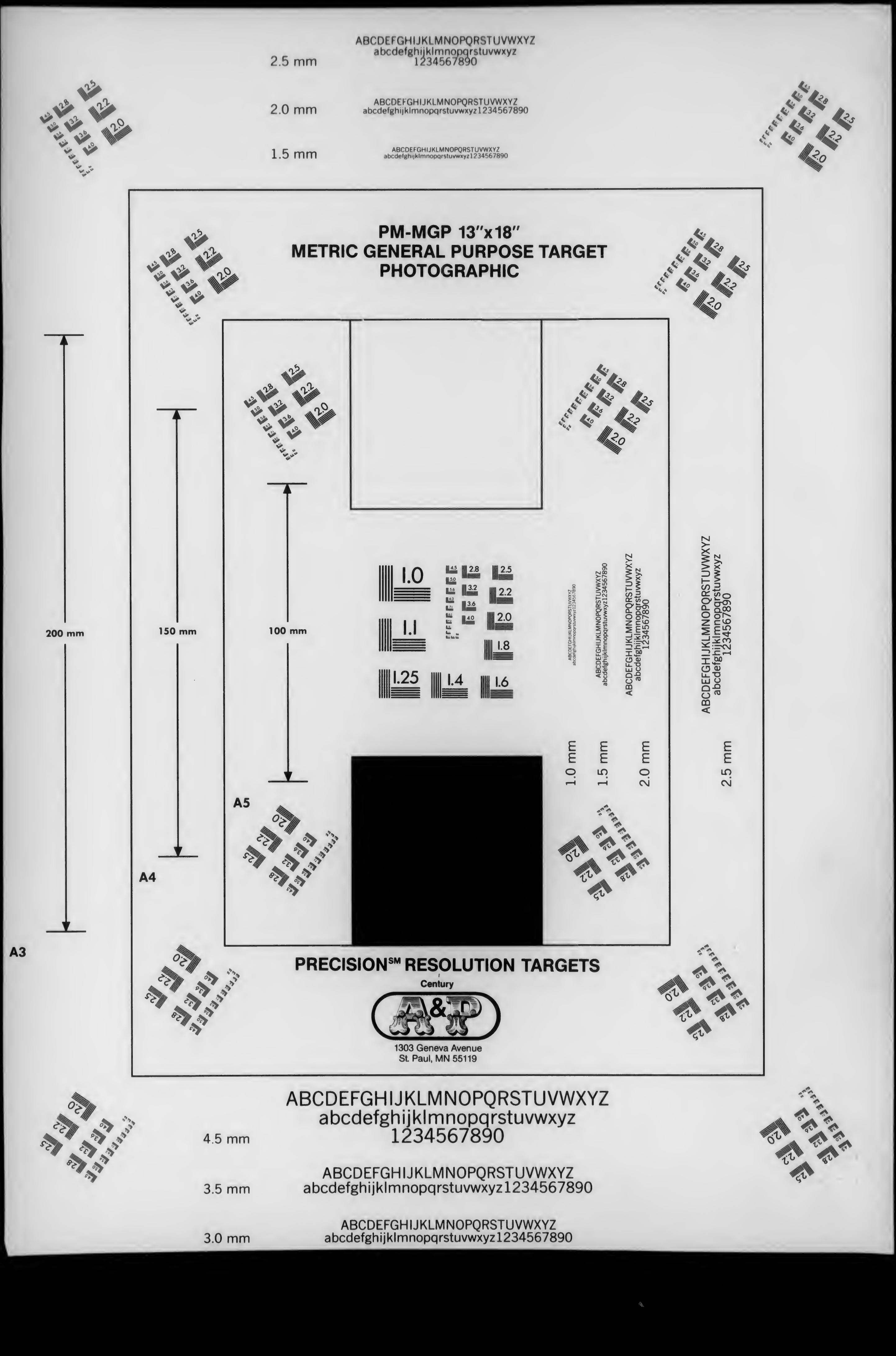

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ECONOMIC FACTORS BEARING ON THE ESTABLISHMENT OF MINIMUM WAGES IN THE COTTONSEED AND PEANUT CRUSHING INDUSTRY

April 1943

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FOREWORD

On March 27, 1943, the Administrator of the Wage and Hour Division, pursuant to the provisions of the Fair Labor Standards Act of 1938, appointed Industry Committee No. 57 for the Cottonseed and Peanut Crushing Industry. It is the statutory duty of this committee to investigate conditions in the industry and, with due regard to economic and competitive conditions, to recommend to the Administrator the highest minimum wage (not in excess of forty cents an hour) which it determines will not substantially curtail employment in the industry. The statistical and other economic data given in the present report have been assembled for the purpose of assisting the industry committee in the performance of its statutory functions.

The report was prepared by Willard Friedman, Associate Economist, with the assistance of Frank P. DeSio, under the general supervision of Verl E. Roberts, Chief of the Industry Committee Studies Section.

Harry Weiss, Director
Economics Branch

TABLE OF CONTENTS

Page No.

DEFINITION 1

Inclusions and exclusions 1

DESCRIPTION OF THE INDUSTRY 1

Processing of cottonseed and peanuts for oil 2

Products 2

Summary statistics 4

Location of industry 6

Size of establishment 6

Channels of distribution 8

ECONOMIC AND COMPETITIVE CONDITIONS 10

Use of products and competing products 10

Recent production trends 11

Price supports 14

Price ceilings 15

Price margins 17

Production and distribution controls 17

Recent trends in employment and average hourly earnings 21

WAGE STRUCTURE OF THE INDUSTRY, OCTOBER 1942 23

Survey of hourly earnings 23

Estimated direct effects of various possible minimum wage rates. 23

Percentage of employees directly affected 23

Direct wage bill increases 26

Estimated direct increase in production costs 26

Some qualifications regarding data on wage bill and production cost increases 30

LIST OF TABLES

Table		Page No.
1	Cottonseed and peanut crushing industry; Products by kind, quantity, and value for the U. S., 1938-43	3
2	Cottonseed and peanut crushing industry: Summary statistics, 1939	5
3	Cottonseed oil, cake, meal and linters establishments: Summary Census statistics, 1929, 1937 and 1939	5
4	Distribution of establishments and wage earners producing cottonseed oil, cake, meal and linters and distribution of cottonseed production by region and state, 1939	7
5	Cottonseed oil, cake, meal and linters establishments: Distribution of establishments, wage earners and proportion of wages to value of products, by size of establishment, 1939	6
6	Cottonseed oil, meal, cake, and linters establishments: Distribution of value of manufacturers' sales by type of outlet to or through which sales were made, 1939	9
7	Factory consumption of refined cottonseed, peanut and soybean oil by class of product, fourth quarter of 1942	10
8	Production of animal and vegetable oils from domestic materials and total domestic disappearance, all fats and oils, United States, 1937-42	12
9	Oil crops and oil: Revised production goals for 1943, with comparative data	13
10	Maximum wholesale prices for specified fats and oils, April 3, 1943	16
11	Margin between farm price of cottonseed and estimated average value of products of cottonseed crushers, 1936-1942	18
12	Spread between value of crushers' products and market and farm prices of nuts, 1938-42	19
13	Cottonseed crushing establishments: Employment and hours of earnings of wage earners, 1937-42	22
14	Cottonseed and peanut crushing industry: Average hourly earnings, by type, location and size of reporting establishments, October 1942.	24
15	Cottonseed and peanut crushing industry: Percentage of employees affected by, and estimated percentage increase in wage bill resulting directly from the adoption of various minimum hourly rates	25

LIST OF TABLES
(continued)

Table		Page No.
16	Cottonseed crushing mills: Percentage of employees affected by, and estimated percentage increase in wage bill resulting directly from the adoption of various minimum hourly wage rates	27
17	Cottonseed and peanut crushing industry: Distribution of establishments by size of plant and estimated percentage increase in wage bill resulting directly from the adoption of a 40-cent minimum hourly wage rate	28
18	Cottonseed oil, cake, meal and linters establishments: Ratio of labor costs to total value of products, by geographic division and state, 1939	29

APPENDIX TABLES

Table		Page No.
1	Detailed summary for selected commodities included in Industry 929 - Vegetable and Animal Oils, not elsewhere classified	31
2	Factory consumption of animal and vegetable fats and oils, by classes of products, during the fourth quarter of 1942	32-33
3	Production and disappearance of specified fats and oils, crude basis, United States, 1940-42	34

DEFINITION

Administrative Order No. 189 defines the Cottonseed and Peanut Crushing Industry as follows:

> "The manufacture from cottonseed and peanuts of crude oil and byproducts, including, but without limitation, cake, hulls, and linters; provided, however, that this definition shall not include the manufacture of feeds."

The definition of the Cottonseed and Peanut Crushing Industry covers all occupations in the industry which are necessary to the production of the articles specified in the definition including clerical, maintenance, shipping, and selling occupations; provided, however, that this definition does not cover clerical, maintenance, shipping, and selling occupations when carried on in a wholesaling or selling department, physically segregated from the other departments of a manufacturing establishment, the greater part of the sales of which wholesaling or selling department are sales of articles which have been purchased for resale; and provided further that where an employee covered by this definition is employed during the same workweek at two or more different minimum rates of pay, he shall be paid the highest of such rates for such workweek unless records concerning his employment are kept by his employer in accordance with applicable regulations of the Wage and Hour Division.

Inclusions and Exclusions

The definition is designed to provide the industry committee with jurisdiction over the production of crude oils from cottonseed and peanuts and byproducts of such production.

The principal products of the establishments of the industry are as follows:

Crude cottonseed oil and cake, meal, linters and hulls.
Crude peanut oil and cake, meal and hulls.

The industry as defined does not include the grinding of cake into meal and the bagging of meal when the meal is to be sold as a feed or feed ingredient, since such operations are already subject to the Grain Products Wage Order, which became effective March 1, 1943. However, where the meal is ground for fertilizer or for other purposes than the production of feed, the grinding and bagging are considered part of the Cottonseed and Peanut Crushing Industry when done by a producer of crude oils.

The refining of oil (which is understood to mean the neutralizing and removing of the free fatty acids) and the further processing of refined oils is not included. The filtering of crude oil by a crude oil producer is included.

DESCRIPTION OF INDUSTRY

Processing of Cottonseed and Peanuts for Oil

When a cottonseed shipment reaches the crushing mill, it contains much trash which must be eliminated before the seed can be processed. A large part of the crop is usually stored at the mill before or after preliminary cleaning. After the seed is cleaned, the cotton fibers (linters) which are still attached to the seed are removed, as is the tough outer covering (hulls) of the seed. The meats which remain are flattened, cooked, and then formed for pressing. It is the press (the hydraulic press is most widely used in this country) that forces the oil out of the meats. The oil runs down the sides of the press into a tank where the fine particles of meal remaining in the oil are allowed to settle. It is then piped into storage tanks or directly into tank cars for shipment. 1/

The residue in the press after the oil has been removed consists of solid slabs known as cottonseed cake. The cake may be broken and ground into meal. It may be marketed in slab form, as small broken pieces, or as meal.

The processing of peanuts for oil typically follows the same general course as that of cottonseed, the principal difference arising from the absence of linters on peanuts. 2/ The bulk of peanuts at present are crushed in cotton oil mills, the same cleaning and hulling machinery sometimes being used for both. Ordinarily the peanuts which are crushed are received at the mill in the shell. However, a small portion (oil stock) is obtained already shelled from shellers. In the latter instance, the shelling is not within the scope of the present definition.

Products

During the year ending July 31, 1941, crushing mills produced crude cottonseed products valued at approximately $166,000,000 - (Table 1). While crude oil was the major product, the value of cake, meal, linters and hulls accounted for 53 percent of the total. The actual product distribution for the year was as follows:

Product	Value	Percent of total
All crude cottonseed products	$166,000,000	100
Oil	77,000,000	47
Cake and meal	53,000,000	32
Linters	27,000,000	16
Hulls	9,000,000	5

1/ For a brief and illustrated description of the processing of cottonseed, see: National Cottonseed Products Association, Inc., Cottonseed and Its Products (1941)

2/ For a discussion of the crushing of peanuts for oil, see: U. S. Department of Agriculture, Agricultural Marketing Service, Marketing Peanuts and Peanut Products (Miscellaneous Publication No. 146) (1941), p. 91, et. seq.

Table 1. Cottonseed and peanut crushing industry: Products by kind, quantity, and value a/ for the U. S., 1938-43

Season b/	Total	Crude oil	Cake and meal	Hulls	Linters
		Value in thousands of dollars - Cottonseed products			
1938	212,197	121,510	62,843	8,917	18,927
1939	153,185	86,601	47,194	7,123	12,267
1940	159,212	77,561	54,003	8,728	18,920
1941	166,237	77,482	52,586	8,771	27,397
		Quantity - Cottonseed products			
		million pounds	1,000 tons	1,000 tons	1,000 running bales
1938	-	1,961	2,830	1,626	1,471
1939	-	1,409	2,023	1,161	1,113
1940	-	1,325	1,882	1,055	1,072
1941	-	1,425	1,954	1,107	1,208
1942 c/	-	1,250	1,753	991	1,184
		Quantity - Peanut products			
		million pounds	1,000 tons		
1938	-	67	50	d/	-
1939	-	85	65	d/	-
1940	-	33	30	d/	-
1941	-	174	134	d/	-
1942	-	78	57	d/	-
5 months - October through February					
1941-1942	-	43	32	d/	-
1942-1943	-	69	49	d/	-

Source: Cottonseed: Bureau of the Census, Cotton and Production Distribution, Season 1940-41, Bulletin 178; U.S. Dept. of Agriculture, Agricultural Statistics, 1942.
Peanuts: U.S. Dept. of Agriculture, Agricultural Statistics, 1941; Bureau of Agricultural Economics, Peanut Stocks and Processing Reports, monthly

a/ Value of peanut oil, cake and meal corresponding to quantity appearing in this table is not available.
b/ Cottonseed: Twelve-month period ending July 31. Peanuts: Twelve-month period ending September 30.
c/ Preliminary.
d/ Data not available.

Value data are not available for crude peanut oil, but since the price of peanut oil is about the same as that for cottonseed oil, [1] an approximation of relative value can be made by comparing the quantities produced. During the 1941-42 season the output of oil and meal derived from peanuts and cottonseed was as follows:

Crude cottonseed oil	1,250 million pounds
Crude peanut oil	78 million pounds
Cottonseed cake and meal	1,753,000 tons
Peanut cake and meal	57,000 tons

It is clear from these data that peanut products were of minor importance in the industry. However, the program of the Department of Agriculture calls for the production of 600 million pounds of crude peanut oil during the 1943-44 season.

Summary Statistics

According to the Census of Manufactures there were 455 establishments, employing a yearly average of 18,256 persons (exclusive of firm members and salaried officers of corporations), in the Cottonseed and Peanut Crushing Industry in 1939. [2] These employees were paid approximately $14,000,000 in wages and salaries. Value of products for the industry was approximately $172,000,000 (Table 2).

In 1939 there were 447 cottonseed oil establishments. These establishments employed an annual average of 18,125 persons, although employment in the peak month was approximately 26,000. The total value of products was about $171,000,000. Comparative statistics for the years 1929, 1937 and 1939 are shown in Table 3.

According to a special tabulation made by the Census Bureau there were 8 establishments primarily engaged in producing peanut oils in 1939. [3] These establishments employed 131 workers, and manufactured products valued at $822,000. On the basis of schedules returned to the Wage and Hour Division in 1942, it is estimated that there are now about 25 plants primarily engaged in producing peanut oil and that these plants employ about 1200 workers during peak season. At the present time it is generally considered that the bulk of the output of peanut oil, cake and meal is accounted for by establishments primarily engaged in cottonseed crushing.

---

[1] For example, data in the Fats and Oils Situation for March 1943, published by the U. S. Department of Agriculture, show that in the first two months of this year the price of crude peanut oil averaged 13 cents a pound while that for crude cottonseed oil at southeastern mills averaged 12.8 cents.

[2] Employment during the height of the season is estimated at about 27,000.

[3] At the request of the Wage and Hour Division, the Census Bureau retabulated data for establishments in the Census Classification "Vegetable and Animal Oils Not Elsewhere Classified," for which see Appendix Table 1.

Table 2. Cottonseed and peanut crushing industry:
Summary statistics, 1939

Item	Total	Cottonseed oil, cake, meal and linters	Peanut oils a/
Number of establishments	455	447	8
Number of employees	18,256	18,125 b/	131
Wage earners (average for year)	15,291	15,191	100
All other employees c/	2,965	2,934	31
Salaries and wages (thousands of dollars)	13,685	13,625	60
Wage earners " " "	8,980	8,939	41
All other employees c/ " " "	4,705	4,686	19
Cost of materials " " "	139,474	138,764	709
Value of products " " "	172,299	171,476	822
Value added by manufacture" " "	32,825	32,712	113

Source: Bureau of the Census, Census of Manufactures, 1939.

a/ At the request of the Wage and Hour Division, the Census Bureau retabulated data for the 54 establishments in their category "Vegetable and Animal Oils Not Elsewhere Classified." Of the total, 8 were primarily engaged in producing peanut oils, 5 animal oils, 24 coconut and other vegetable oils, while 17 establishments with 481 wage earners could not be classified by major product.
b/ Employment during the peak month of the season was about 26,000 workers.
c/ Except salaried officers of corporations.

Table 3. Cottonseed oil, cake, meal and linters establishments:
Summary Census Statistics, 1929, 1937 and 1939

Item	1929	1937	1939
Number of establishments	553	447	447
Number of employees	18,611	19,005	18,125
Wage earners (average for year)	15,825	16,583	15,191
All other employees a/	2,786	2,422	2,934
Salaries and wages (thousands of dollars)	16,625	12,755	13,625
Wage earners " " "	11,203	8,532	8,939
All other employees a/ " " "	5,422	4,223	4,686
Cost of materials " " "	249,020	195,747	138,764
Value of products " " "	298,376	242,043	171,476
Value added by manufacture" " "	49,356	46,296	32,712

Source: Bureau of the Census, Census of Manufactures, (1935,1937, and 1939)

a/ Except salaried officers of corporations.

Location of Industry

Cottonseed crushing establishments are located in 16 states, with a marked concentration in 10 southern states in the South Atlantic, East South Central and West South Central regions. According to the 1939 Census, 94.5 percent of the 15,190 wage earners were in this southern area, with almost 44 percent in the West South Central region and 25.1 percent in Texas alone. Cottonseed crushing plants are located in or near the regions where cotton is grown and ginned; this is shown by comparing the percent of total production of cottonseed with percent of total wage earners, employed in crushing mills (Table 4.). For example, 43.7 percent of the total number of wage earners in cottonseed crushing establishments were found in the West South Central region; this region also accounted for 46.9 percent of the total cottonseed production. The location of cottonseed crushing capacity is shown graphically on the accompanying map.

According to the special tabulation made by the Census Bureau for the Wage and Hour Division, establishments primarily engaged during 1939 in peanut crushing were located in 4 states, distributed as follows:

Alabama	3 establishments
Georgia	3 "
North Carolina	1 "
Virginia	1 "

However, reports were received from 19 peanut crushing establishments by the Wage and Hour and Public Contracts Divisions in connection with the October 1942 questionnaire survey. These mills were located in the following states: Georgia (8), Texas (6), Alabama (3), North Carolina (1) and New York (1).

Size of Establishments

Cottonseed crushing mills are in the main of small or medium size. The bulk (81 percent) of the wage earners were employed in 288 plants, each of which in 1939 averaged from 21 to 100 wage earners. There were only 23 plants with five or fewer wage earners and seven with more than 100. The ratio of wages paid to the value of products manufactured did not vary much according to the size of establishments; it ranged from 4.5 percent for the largest establishments to 5.5 and 5.6 percent for the smallest.

Table 5. Cottonseed oil, cake, meal and linters establishments: Distribution of establishments, wage earners and proportion of wages to value of products, by size of establishment, 1939

Size of establishment according to number of wage earners	Number of		Wages	Value of products	Percent of wages to value of products
	Establishments	Wage earners (average for year)	(thousands of dollars)		
Total	447	15,191	8,939	171,476	5.2
1 to 5	23	80	64	1,156	5.5
6 to 20	129	1,834	1,031	18,429	5.6
21 to 50	199	6,539	3,779	67,936	5.6
51 to 100	89	5,756	3,463	70,684	4.9
101 to 250	6)	982	602	13,271	4.5
251 and over	1)				

Source: Bureau of the Census, Census of Manufactures, 1939. (12,591)

DISTRIBUTION OF COTTONSEED PRESSES IN PLACE, BY COUNTY, 1941

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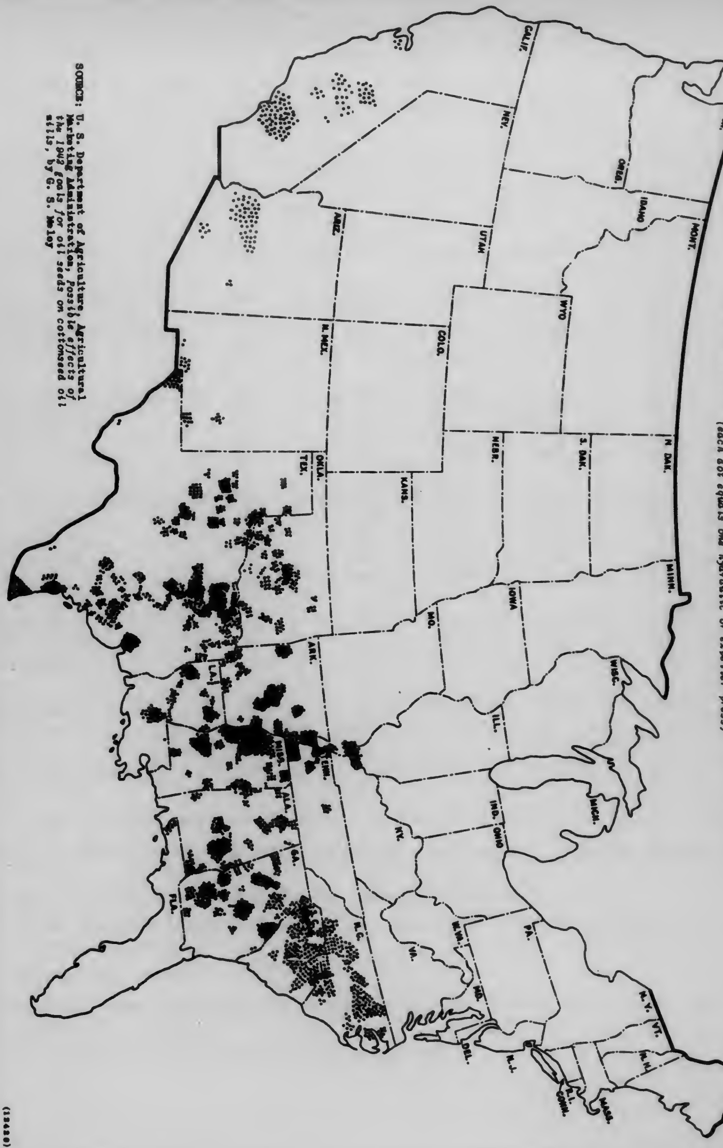

SOURCE: U. S. Department of Agriculture, Agricultural Marketing Administration, Possible effects of the 1942 goals for oil seeds on cottonseed oil mills, by G. S. Meloy

Table 4. Distribution of establishments and wage earners producing cottonseed oil, cake, meal and linters, and distribution of cottonseed production by region and state, 1939

Region and state	Cottonseed oil, cake, meal and linters				Cottonseed Production	
	Number of establishments	Wage earners		Number of wage earners in maximum month		
		Average for year	Percent of total		(thousands of tons)	Percent of total
United States	447	15,190	100.0	23,029	5,258	100.0
South Atlantic a/	118	3,340	22.0	5,361	997	19.0
North Carolina	37	742	4.9	1,391	202	3.8
South Carolina	30	816	5.4	1,248	387	7.4
Georgia	51	1,782	11.7	2,722	408	7.8
East South Central	84	4,377	28.8	6,443	1,252	23.8
Tennessee	15	1,020	6.7	1,504	200	3.8
Alabama	28	1,226	8.1	1,856	348	6.6
Mississippi	41	2,131	14.0	3,083	704	13.4
West South Central	220	6,637	43.7	9,955	2,463	46.9
Arkansas	26	1,436	9.5	2,183	629	12.0
Louisiana	21	732	4.8	1,226	332	6.3
Oklahoma	29	651	4.3	1,282	234	4.5
Texas	144	3,818	25.1	5,264	1,268	24.1
Mountain	10	236	1.6	418	135	2.6
New Mexico	4	78	.5	156	45	.9
Arizona	6	158	1.1	262	90	1.7
California	8	351	2.3	510	197	3.7
Illinois	4	196	1.3	289	2	*
All other states b/	3	53	.3	53 c/	212 d/	4.0 d/

Source: Bureau of the Census: Census of Manufactures, 1939 and Agriculture, 1940.

a/ Data for Florida are included in "All other states."

b/ Establishments in "All other states" are distributed as follows: Missouri, 2; Florida, 1.

c/ Average for year.

d/ Includes some production in regions listed above so that certain regional totals are slightly low.

* Less than five one-hundredths of one percent.

Channels of Distribution

Industrial and institutional users bought 38 percent of the products sold by the cottonseed oil manufacturers in 1939 (Table 6); wholesalers and jobbers bought 35 percent, or approximately the same amount. Other important purchasers were "consumers at retail" and retailers, who received 13 and 12 percent respectively. Sales through manufacturers' outlets were only 1.5 percent, and export sales only six-tenths of one percent.

Table 6. Cottonseed oil, meal, cake, and linters establishments: Distribution of value of manufacturers' sales by type of outlet to or through which sales were made, 1939

Type of outlet	Value in thousands of dollars	Percent of total
All outlets and customer	154,608	100.0
Outlets owned and operated by manufacturer:		
Wholesale branches	1,636	1.1
Retail stores	614	0.4
Outlets not owned and operated by manufacturer:		
Wholesalers and jobbers	54,139	35.0
Retailers	18,680	12.1
Industrial, commercial, professional and institutional users	58,825	38.0
Consumers at retail	19,787	12.8
Export intermediaries	601	0.4
Export direct to buyers in other countries	326	0.2

Source: Bureau of the Census, Census of Business, 1939

ECONOMIC AND COMPETITIVE CONDITIONS

Use of Products and Competing Products

As shown below in Table 7, refined cottonseed and peanut oil are used almost entirely for the production of edible products, the most important of these products being shortening and cooking and salad oils. During the fourth quarter of 1942 soybean oil was also used extensively for edible products in competition with cottonseed and peanut oil. For shortening, manufacturers used almost half as much soybean oil as cottonseed oil. Soybean oil producers competed even more favorably for the much sought after oleomargarine market. The competition between the two groups also extended to other classes of oil products.

Table 7. Factory consumption of refined cottonseed, peanut and soybean oil by class of product, fourth quarter of 1942

(Thousands of pounds)

Class of product	Cottonseed oil	Peanut oil	Soybean oil
All products	392,221	11,355	163,661
Shortening	134,079	6,236	91,882
Oleomargarine	55,773	126	44,223
Cooking and salad oils	115,857	2,004	10,584
Mayonnaise and other salad products	27,157	-	4,695
Other edible products	7,217	1,646	2,951
All other products	2,138	1,343	9,326

Source: Appendix table 2. Data from the U. S. Department of Commerce, Bureau of the Census

As indicated in Appendix Table 2, corn oil also was used for various edible products in competition with cottonseed and peanut oil. It is expected that linseed oil, which in this country until recently was used almost entirely for inedible products such as paint, varnish, linoleum and oilcloth, will shortly be used extensively for shortening. The principal competition for the shortening market, however, at present comes from and in the immediate future will continue to come from lard. In view of the general shortage of food fats, oleomargarine made from cottonseed oil will be substituted for butter much more than formerly.

The industry also faces competition in the sale of cake and meal products which rank second to oil in importance in the industry. Cottonseed and peanut cake and meal are exceedingly rich in protein and are used principally for animal feed, supplementing grain and fodders relatively deficient in protein. As high protein concentrates, they compete with meals derived from other oilseeds, particularly flaxseed and soybeans. 1/ Competition is, however, lessened because of transportation costs, each type of meal enjoying an advantage in and near the area where it is produced.

1/ It is to be noted that the manufacture of all feed meals from oil-bearing seeds or nuts is presently subject to the minimum wage order for the Grain Products Industry, which became effective March 1, 1943.

Lesser but important products of the industry are hulls, which are also used as roughage in animal feed, and cotton linters, which are used for batting, wadding, absorbent cotton and the like and, especially at present, for smokeless gunpowder.

Recent Production Trends

The facts of the unprecedented demand for all kinds of fats and oils at this time are too well known to require much elaboration. A great expansion of consumer purchasing power, of special war demands and of demands made by other nations on our production has developed at the same time that our normal imports of oil and oilseeds have been partly or completely cut off.

As a result of these various factors, the demand for fats and oils in 1943 will be greater than the amount available. Without direct consumer rationing, there would be about 46 pounds of food fats and oils per capita available for civilian consumption, including indirect consumption of fats in such manufactured products as bread, cake, confectionery, salad dressings and canned soups. 1/ Consumption averaged 48 pounds per capita in the period 1935-39 and 50 pounds per capita in 1940-42. Hence consumption in 1943 would not be greatly below the average for recent years. However, the Bureau of Agricultural Economics has estimated that on the basis of past relationships between consumption, price, industrial workers' income, and prices of competing products, consumers would take about 57 pounds per capita in 1943 at present ceiling prices if such a quantity were available. 2/

The supply of all animal and vegetable fats and oils for 1943 is tentatively estimated by the Department of Agriculture as follows:

Total	14.5	billion	pounds
Production from domestic materials	11.7	"	"
Imports, including oil in seed	0.8	"	"
Factory and warehouse stocks, January 1	2.0	"	"

The probable disposition is estimated as follows:

Total	14.5	billion	pounds
Military use, lend-lease exports, commercial exports, and shipments to United States territories	2.6	"	"
Civilian nonfood use under general limitation order	3.2	"	"
Civilian food use under general limitation order, together with available butter and lard	6.0	"	"
Factory working stocks, end of year	2.0	"	"
Government contingency reserve, end of year	0.7	"	"

In addition, 18 to 20 million bushels of soybeans in excess of crushing needs, equivalent to 150 to 200 million pounds of oil, may be held as a reserve for foreign or domestic contingency needs.

1/ U. S. Department of Agriculture, Bureau of Agricultural Economics, The Fats and Oils Situation, March 1942, p. 3.

2/ Ibid. December 1942, p. 11.

Present shortages occur in spite of a considerable rise of domestic production of animal and vegetable fats and oils in recent years; in 1942 a new high level of 10 billion pounds was established. The 600 million pound increase over 1941 production was distributed about equally between vegetable and animal fats and oils. In spite of the fact that "domestic disappearance" (apparent consumption) was half a million pounds lower in 1942 than in 1941, it continued to run ahead of production. (Table 8)

Table 8. Production of animal and vegetable oils from domestic materials and total domestic disappearance, all fats and oils, United States, 1937-42

Year	Production from domestic materials			Total domestic disappearance, all fats and oils
	Animal fats and oils (including marine)	Vegetable oils	Total	
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1937	4,866	2,133	6,998	9,228
1938	5,406	2,369	7,774	9,048
1939	5,870	2,340	8,211	9,631
1940	6,346	2,435	8,781	9,785
1941	6,573	2,815	9,388	10,988
1942 1/	6,846	3,188	10,034	10,453

Source: Fats and Oils Situation, March 1943. Production compiled from reports of the Bureau of the Census, Bureau of Agricultural Economics, Food Distribution Administration, and Fish and Wildlife Service. Total domestic disappearance computed from data on production, trade (Bureau of the Census), and stocks (Bureau of the Census and Food Distribution Administration).

1/ Preliminary.

Among the vegetable oils, the greatest increase during the last three years occurred in the production of linseed and soybean oils, with peanut oil running far below earlier expectation. Production (in million pounds) of a number of the more important vegetable oils was as follows: 1/

Kind of oil	1940	1941	1942
Cottonseed oil	1274	1392	1386
Peanut oil	84	150	76
Soybean oil	533	586	762
Linseed oil	606	868	960
Corn oil	158	203	248
Total, 5 oils	2655	3199	3432

1/ For more complete data see Appendix Table 3.

The Japanese invasion of the Pacific area, which cut off supplies formerly imported from the Philippines, Netherland East Indies and China, resulted in a sharp drop in the domestic use of cocoanut, palm and tung oil. The apparent disappearance, (in million pounds), of these oils during the last three years was as follows:

Kind of oil	1940	1941	1942
Cocoanut	598	726	202
Palm	181	292	131
Tung	68	70	17

In order to stimulate the production of oilseeds, the Department of Agriculture prior to the 1942 season announced its intention to support oilseed prices. Farmers responded to the support price program by planting record acreages of peanuts, soybeans and flaxseed. The results of the program are shown in Table 9. As will be noted, the harvest of soybeans as of December 1 was expected to run almost three times as large as the average for the period 1937 through 1941. The slight decline in the production of cottonseed was more than compensated for by the increased production of peanuts. Total crude oil production based on the 1942 crop is expected to exceed the average for the years 1937-41 by 40 percent. The table also shows the goals set by the Department of Agriculture for 1943, calling for further increases in total oil production. 1/

Table 9. Oil crops and oil: Revised production goals for 1943, with comparative data

Commodity	Unit	Average 1937-41	1942 (as indicated Dec. 1)	1943 goal a/
		Oil Seed Production		
Cottonseed	1,000 tons	5,876	5,790	4,972
Flaxseed	1,000 bu.	19,713	40,660	39,875
Peanuts, picked and threshed	Mil. lb.	1,392	2,504	3,712
Soybeans, harvested for beans	1,000 bu.	76,447	209,559	216,000
		Crude oil produced, crop year basis b/		
Cottonseed oil	Mil. lbs.	1,474	1,445	1,250
Linseed oil	" "	656	730	715
Peanut oil	" "	87	200	600
Soybean oil	" "	500	1,440	1,600
Total		2,717	3,815	4,165

Source: U. S. Department of Agriculture, Fats and Oils Situation, February 1943, p. 10 (Compiled from reports of the Bureau of Agricultural Economics and Bureau of the Census.)

a/ Acreage goals multiplied by assumed "normal" yields of 442 pounds of cottonseed and 7.25 bushels of flaxseed per planted acre; 675 pounds of peanuts and 18 bushels of soybeans per harvested acre.

b/ Crop years beginning August for cottonseed oil; July for linseed oil; October for peanut oil and soybean oil. In calculating oil production from 1942 and 1943 crops, deductions have been made to allow for the use of seed for planting, feed, fertilizer and human consumption.

1/ Canadian farmers have been asked to increase flaxseed plantings by a million acres. (Journal of Commerce, April 5, 1943.)

It will be noted that the 1943 goal provided for a small decline in the production of cottonseed. On the other hand a considerable increase in the production of peanuts is planned, plantings of which are to be distributed as follows:

Virginia, North Carolina	650,000 acres
Southeastern Region	2,805,000 acres
Southwestern Region	2,020,000 acres
California, New Mexico	25,000 acres

Thus, cottonseed oil mills in the south should in many instances be able to increase their oil production, relying for the increase on peanuts instead of cottonseed.

Price Supports

In order to assure to farmers the minimum prices previously announced by the Secretary of Agriculture, to facilitate the processing of the huge 1942 oilseed crop and to insure adequate future production, the Commodity Credit Corporation was given authority 1/ over the production and marketing of oilseed (cottonseed, peanuts, flaxseed and soybeans) and oilseed products.

Accordingly, during August of 1942, the Corporation began to sign contracts with crushers providing:

a. That the crushers purchase cottonseed, soybeans, peanuts and flaxseed at specified prices. 2/

b. That, in case the crushers are unable to sell their output to the trade, the CCC would purchase the crude oil and meal from the crushers at ceiling prices (less deductions for handling charges) set by the OPA.

The Corporation also financed loans to farmers at support prices on properly stored flaxseed and soybeans. The minimum prices which contracting crushers were required to pay for specified grades of cottonseed, flaxseed and soybeans were as follows:

1/ Directive Order No. 7 issued August 15, 1942 by the War Production Board.

2/ Prices of peanuts for oil were also supported by direct purchase made by Cooperative Marketing Associations backed by the CCC at prices specified by the Agricultural Marketing Administration (now the Food Distribution Administration).

Best grade cottonseed at gins in Texas, Oklahoma and New Mexico	$49.00 per ton
Elsewhere....................	50.00 " "
No. 1 flaxseed, Minneapolis.....	2.40 per bushel
No. 1 or No. 2 high oil, green or yellow soybeans At producers' normal delivery points......................	1.60 per bushel 1/
From country elevators.......	1.63 " " "

The prices set by the Agricultural Marketing Administration for quota peanuts averaged about $124 per ton and for non-quota peanuts $80 per ton.

Support prices set for the 1943 crop will probably be far in excess of the 1942 prices. On February 10 support prices averaging at least $129 per ton farmers' stock peanuts were announced by the Department of Agriculture. Ceiling prices on growers' sales of farmers' stock peanuts have been set at $154 per ton for runner grades and $169 per ton for white Spanish, indicating considerable leeway for further increases in support prices. Soybean ceiling prices will run about $1.80 per bushel.

The Commodity Credit Corporation has signed contracts with refiners of cottonseed, soybean and peanut oils in which it agreed to buy crude oil from the refiners at ceiling prices and to sell the crude oil back to the refiners at ½ cent under the ceiling prices, providing that the refiners, in turn, agreed to pay designated prices to crushers under contract with the CCC. This action was taken to permit lower maximum wholesale prices for shortening and refined oil without unduly reducing processors' margins or lowering prices paid by crushers for oilseeds. 2/

Price Ceilings

Effective December 13, 1941 maximum prices were set by the OPA under Price Schedule 53 for all fats and oils except butter and finished fats. The ceiling prices were set at the sellers' highest prices in similar transactions on November 26, 1941. On January 2, 1942 new ceiling prices were set at 11 percent above the November 26 maximum or at the highest price on October 1, 1941, whichever was higher. An additional three-quarters of a cent per pound was allowed on linseed and soybean oil. Subsequently linseed oil was exempted from the ceiling. Earlier general price formulae were replaced by specific maximum prices, at which level they have, on the whole, remained. The ceiling prices as of April 3, 1943 for some of the more important fats and oils are shown in Table 10.

Vegetable oil byproducts are also under price ceilings. Specific ceilings for linters and hulls became effective August 1, 1942 under Maximum Price Regulation 191, while oilseed cake and meal prices were limited to the maximum of March 1942 under the General Maximum Price Regulation.

1/ With cumulative addition of 1 cent per bushel on the first of each month from January to June.

2/ *Fats and Oils Situation*, January 1943, p. 10.

Table 10. Maximum wholesale prices for specified fats and oils, April 3, 1943

Oil or fat	Maximum price per lb.	Applicable regulation
	cents	
Cottonseed oil, tank cars		
Crude, mills in North Carolina, South Carolina and Tennessee	12.75	Am. 8 to RPS 53
Prime summer yellow, New York	13.95 a/	"
Peanut oil, crude, tank cars, S.E. mills	13.00	Am. 7 to RPS 53
Soybean oil, tank cars: Crude, Midwestern mills	11.75	"
Deodorized and bleached, New York	13.41 a/	Am. 16 to RPS 53
Corn oil, crude, tank cars M.W. mills	12.75	Am. 7 to RPS 53
Cocoanut oil, crude, manila bulk c.i.f. San Francisco	11.00	Am. 6 to RPS 53
Linseed oil	none	-
Refined oils, specified brands, in cases		
Salad oils, 1-pint cans, N. and S. points	24.30	Am. 9 to RPS 53
Cooking oil, 1-gallon cans, North points	17.28	"
Oleomargarine, dom. veg. Chicago	19.00	Gen. Max. Pr.Reg.
Lard, refined, cartons, Chicago	15.55	Am. 10 to RPS 53
Hydrogenated Veg. shortening, cases of 3 pound containers	21.50	Am. 9 to RPS 53
Butter, 92-score New York	46.00	M.P.R. 289

a/ Maximum price for non-food use is one-half cent per pound higher.

Price Margins

Comparatively high margins have prevailed during the last two years for the handling, ginning and crushing of cottonseed and peanuts, as reference to the following two tables will show. Table 11 shows: (a) the total of the average values of crude oil, cake, meal, linters and hulls derived per ton of cottonseed; (b) the average farm price of cottonseed; and (c) the margin between what the crusher is paid for the products derived from the seed and what the farmer is paid. The margin dropped more than $5 per ton from the 1936-37 season to the 1938-39 season. For the last three years it has maintained a level only slightly below that of the 36-37 season. During 1942, however, as CCC price supports and OPA ceilings became increasingly effective, the margin rose sharply and throughout the last five months of the year it stood at a level of more than $2.50 per ton over the average of the 1941-42 season, and on the whole above the average of the corresponding months of 1941. 1/

Estimates of the margin between the value of farmers' stock peanuts and the value of the oil, cake and meal derived by crushers from such peanuts were computed by the Department of Agriculture at the request of the Wage and Hour Division. The estimates apply to the Southeast area for the seasons of 1938 to 1941, and for the United States as a whole for the 1941 season and the last quarter of the calendar year 1942. The margin for handling and processing of farmers' stock peanuts for oil in the Southeast rose from an average of less than $5 for 1938 and 1939 to over $13 in 1940 and 1941. For the last quarter of the year 1942, the margin of $10 per ton between the value of products of Southeast crushing mills and the average price of farmers' stock peanuts for the country as a whole, while decidedly less than that for the 1941 season was still more than twice the margin for 1938 and 1939. (Table 12)

Production and Distribution Controls

The United States Department of Agriculture, through the Director of Food Distribution, has within the last few months issued a series of orders which enable it to allocate the output and to control the use of crude and refined fats and oils. Any person using or receiving the fats and oils affected by these orders must receive specific authorization to do so from the Director of Food

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1/ The data of Table 11 are taken from the publication of the Bureau of Agricultural Economics of the U. S. Department of Agriculture, Cottonseed: Marketing Spreads Between Price Received by Farmers and Value of Products at Crushing Mills. These data were brought up to date by the Bureau of Agricultural Economics at the request of the Wage and Hour Division. It will be noted that the annual figures for the value and quantity of cottonseed products are based on Census reports which cover nearly all the mills in the cottonseed crushing industry, and must be considered highly accurate. The annual and monthly averages of prices received by farmers are obtained directly by the Department of Agriculture. The monthly data of the value of crushers' products per ton of seed are based on Census monthly reports of quantities produced and monthly estimates of average prices. Accordingly, the monthly estimates of the margin are not to be considered as accurate as the yearly estimates.

Table 11. Margin between farm price of cottonseed and estimated average value of products of cottonseed crushers a/ 1936-1942

Year (beginning August 1) and month	Value of crushers' products per ton of seed a/	Farm price of cottonseed (per ton) b/	Margin (per ton) c/
	(dollars)		
1936-37	50.95	33.41	17.54
1937-38	33.55	19.52	14.03
1938-39	34.27	21.80	12.47
1939-40	38.36	21.20	17.16
1940-41	37.80	21.72	16.08
1941-42	65.04	47.65	17.39
1941-42 (annual average)	65.04	47.23	17.81
August	58.96	34.85	24.11
September	66.00	43.90	22.10
October	64.08	47.60	16.48
November	62.29	47.58	14.71
December	64.96	48.37	16.59
January	67.53	48.57	18.96
February	66.69	48.55	18.14
March	66.32	48.60	17.72
April	65.64	48.09	17.55
May	65.28	47.49	17.79
June	65.48	46.26	19.22
July	66.08	46.40	19.68
1942-43 d/			
August	65.63	43.94	21.69
September	65.51	44.75	20.76
October	65.82	45.45	20.37
November	67.14	45.45	21.69
December	67.20	45.56	21.64

Source: U. S. Department of Agriculture. Bureau of Agricultural Economics. Annual figures for value of products obtained from the Bureau of the Census. All other data obtained from U. S. Department of Agriculture, Bureau of Agricultural Economics, 1941 and 1942.

a/ Average value per ton of crude oil and cake, meal and linters.
b/ July to June crop year for annual figures. Monthly data are computed by using lag and are based on census monthly production and estimated average prices.
c/ Includes mill margin, transportation to mill, and ginners charges for selling seed.
d/ Preliminary.

Table 12. Peanuts: Spread between value of crushers' products and market and farm prices of nuts, 1938-42

Item	Year beginning October				
	1938	1939	1940	1941	1942 f/
	Dollars	Dollars	Dollars	Dollars	Dollars
Crude peanut oil, tank cars, f.o.b. Southeastern mills:					
Price per pound a/	.059	.062	.066	.126 b/	.130
Value of oil produced per ton of farmers' stock peanuts crushed c/	33.04	32.61	37.75	74.09	73.06
Peanut meal, 45 percent protein, bagged, f.o.b. Southeastern mills:					
Price per pound a/	.011	.014	.012	.020 b/	.019
Value of meal produced per ton of farmers' stock peanuts crushed d/	9.39	13.44	10.54	17.84	17.02
Total value of products per ton of farmers' stock peanuts crushed	42.43	46.05	48.29	91.93	90.08
Cost of farmers' stock peanuts to crushers in Southeastern area, per ton	37.67	41.65	33.75 b/	78.50	g/
Spread	4.76	4.40	14.54	13.43	g/
United States average price received by growers for peanuts for oil, per ton	N.A.	N.A.	N.A.	78.40 e/	80.10
Spread	---	---	---	13.53	9.98

Source: Special tabulation prepared for the Wage and Hour Division by the Division of Statistical and Historical Research, Bureau of Agricultural Economics, Prices of peanut oil, peanut meal, and cost of farmers' stock peanuts to crushers, Food Distribution Administration; United States price received by growers for peanuts for oil, Bureau of Agricultural Economics. Values computed by multiplying prices by the yields indicated in footnotes c/ and d/.

a/ 1938-41, prices weighted by monthly disappearance from United States producing plants.
b/ Estimate.
c/ The average yield of oil per ton of farmers' stock peanuts crushed in the United States was as follows, by crop years: 1938, 560 pounds; 1939, 526 pounds; 1940, 572 pounds; 1941, 588 pounds; 1942, 562 pounds (average of the 4 preceding years).
d/ The average yield of meal per ton of farmers' stock peanuts crushed in the United States was as follows, by crop years: 1938, 854 pounds; 1939, 960 pounds; 1940, 878 pounds; 1941, 892 pounds; 1942, 896 pounds (average of the 4 preceding years).
e/ Preliminary.
f/ Last three months of 1942.
g/ Not available.

Distribution. 1/ Corn, cottonseed, peanut, and soybean oils were placed under direct allocation to refiners and manufacturers by the Food Distribution Administration beginning April 16, 1943 (FDO-29). The stated purpose of these actions was to assure an adequate supply and efficient distribution of these primary oils to manufacturers. 2/

Under Food Distribution Order 42, effective April 1, 1943, which superseded General Preference Order M-71 of the War Production Board, the use of fats and oils for civilian manufacture in any quarter beginning with the last quarter of 1942 was limited by the Food Distribution Administration to the following percentages of the average use in the corresponding quarters of 1940 and 1941:

Product	Percent
Oleomargarine	180
Other edible finished products	88
Soap from primary fats	84
Soap from foots	100
Paints, varnishes, lacquers and other protective coatings, and coated fabrics and linoleum	50
Printing inks	90

The use of certain specified fats and oils, including butter, lard, cottonseed oil, peanut oil, soybean oil and corn oil was prohibited entirely in the manufacture of all products in the above schedule except oleomargarine and other edible finished products. The use of fats in the preparation of products for the Army, Navy, War Shipping Administration, lend lease procurement, and commercial export under license was exempted. The quotas in the schedule, if combined, would average somewhat less than 100 percent of the base period use for the industries covered.

1/ The oils affected by the Food Distribution Orders are as follows: Cottonseed, peanut, soybean and corn oil, FDO-29, (8 FR 2915); cocoanut, babassu and palm kernel oil, FDO 43 and 46, (8 FR 4150, 4230); tung oil, FDO-39, (8 FR 3482); palm oil, FDO-38, (8 FR 3482); sperm oil, FDO-37, (8 FR 3481); cashew nut shell liquid, FDO-36, (8 FR 3480); rapeseed and mustard seed oil, FDO-35, (8 FR 3478); castor oil, FDO-32, (8 FR 3473); oiticica oil, FDO-31, (8 FR 3471).

2/ In addition, the F.D.A. and C.C.C. and other government agencies have initiated a variety of other controls that affect among other things the use of materials, the maintenance of stocks, importation and transshipment.

Recent Trends in Employment and Average Hourly Earnings

During the first years of the Fair Labor Standards Act marked changes in wage levels occurred in cottonseed crushing plants. According to the monthly reports of the Bureau of Labor Statistics, average hourly earnings rose from 24 cents an hour in 1937, before the 25 cent minimum became effective, to 33.5 cents in 1940 after the 30 cent minimum became effective (Table 13). Since that time the industry has shown a steady increase in wage rates, the average hourly earnings in January 1943, the last month reported by the Bureau, reaching the level of 42.7 cents an hour.

According to John F. Maloney, Economist for the National Cottonseed Products Association, the increase in hourly earnings was not accompanied by an equal rise in unit labor costs. 1/ Efforts to increase efficiency have been widespread. Besides introducing additional and improved machinery, the industry re-examined its labor policy and generally shifted over from the 12 hour to the 8 hour day, 2/ while at the same time making efforts to eliminate the less efficient workers. Average hours declined from 52.2 per week in 1937 to 43.1 in 1941. As a result, not only was there a general increase of labor efficiency but also, according to Mr. Maloney, a lowering of unit labor costs in some mills.

Although the employment index declined from 96.2 in 1937 to 88.7 in 1940, since 1940 there has been an increase in employment and a further increase in hourly earnings. In the last year the trend in working hours per week has been sharply reversed, the average rising steadily in comparison with the corresponding months of 1941. For the last quarter of 1942, the average was 52.6 hours per week or 6 hours more than the 46.6 average for the corresponding quarter of 1941. It is quite possible that wartime shortages of labor have forced this return to longer hours of work.

1/ John F. Maloney, "Some Effects of the Federal Fair Labor Standards Act Upon Southern Industry", in the Southern Economic Journal, Vol. 9, No. 1, July 1942.

2/ Under section 7(c) of the Fair Labor Standards Act, employees engaged in the processing of cottonseed (including the cleaning and removing of hulls and linters and the extracting of oil from cottonseed and the grinding of cake into meal) are exempt from the overtime (but not the minimum wage) provisions of the Act during the active crushing season.

Table 13. Cottonseed crushing establishments: Employment hours and earnings of wage earners, 1937-42

Year and month	Estimated number of wage earners (in thousands)	Index of employment[b]	Average hours per week	Average hourly earnings (cents)
1937	[a]	96.2	52.2	23.9
1938	[a]	96.6	49.1	26.0
1939	15.2	93.4	44.3	30.2
1940	14.6	88.7	43.7	33.5
1941	16.1	98.2	43.1	35.5
1942	15.8	96.7	46.4	39.6
1941				
January	18.8	115.6	44.6	33.8
February	18.4	112.0	43.4	34.0
March	16.4	99.4	42.1	34.5
April	14.8	88.4	42.5	34.2
May	11.9	70.9	40.3	35.0
June	10.9	66.3	40.4	35.9
July	10.4	63.4	40.0	36.4
August	11.7	70.9	38.7	37.1
September	18.8	115.2	44.8	35.6
October	22.1	136.0	47.2	35.4
November	20.2	123.0	46.1	36.9
December	19.2	116.7	46.6	36.8
1942				
January	17.1	103.9	43.8	37.3
February	17.2	104.8	44.9	37.3
March	15.6	94.0	43.6	38.2
April	13.1	79.1	44.2	38.8
May	11.1	67.5	43.0	38.3
June	9.3	56.7	43.5	39.8
July	10.0	60.5	43.5	41.0
August	10.5	64.0	43.3	41.5
September	19.2	117.8	48.7	39.4
October	23.2	142.5	53.0	40.7
November	21.9	138.9	52.5	41.3
December	21.0	131.2	52.3 [c]	42.0 [c]
1943				
January			50.2 [c]	42.7 [c]

Source: U.S. Department of Labor, Bureau of Labor Statistics.

[a] Not available.

[b] Based upon a three year average (1923-25 = 100). Bureau of Labor Statistics data for September through December 1942 based upon an average of the year 1939 as 100, have been converted to the 1923-25 base in order to make data comparable.

[c] Preliminary

WAGE STRUCTURE OF THE INDUSTRY, OCTOBER 1942

Survey of Hourly Earnings

The information on earnings of employees in the Cottonseed and Peanut Crushing Industry for October of 1942 presented in the following discussion is based on a questionnaire survey conducted by the Economics Branch of the Wage and Hour and Public Contracts Divisions. To obtain the earnings data a comprehensive list of all establishments included in trade directories was compiled and questionnaires requesting a payroll transcription of hours and earnings of individual employees sent to all establishments. [1] Statistically adequate returns were submitted by 270 plants with 15,102 employees. Of the 270 plants, 19 were peanut crushing establishments, which reported a total of 1,007 employees. As may be observed from Table 14, the returns represent all producing regions of the country and all size groups.

The average hourly earnings for all reporting establishments were 39.1 cents. Earnings in cottonseed crushing mills averaged 39.4 cents [2], as compared with 34.1 cents in peanut crushing mills.

The average for the establishments in California, Illinois, Missouri and New York (64 cents an hour) was considerably above that for the rest of the country. The average for the two southern regional classifications differed from one another by only two cents per hour.

Except for the largest establishments (those having 100 employees or more), average hourly earnings for plants of various sizes did not differ greatly from the average for the entire industry.

Estimated Direct Effects of Various Possible Minimum Wage Rates

Percentage of employees directly affected: The proportion of employees who would be directly affected by the adoption of any minimum wage rate higher than the present statutory 30-cent minimum depends, of course, upon the precise rate adopted. Thus, a 34-cent minimum would require a direct wage bill increase for 25.2 percent of the industry's employees, a 38-cent minimum, 56.3 percent, and a 40-cent minimum, 59.2 percent (Table 15) [3].

The impact of any given minimum would also vary by type of mill and region. For example, cottonseed crushing mills would be relatively less affected than peanut crushing mills; minima of 34, 38 and 40 cents would directly affect 23.0, 54.4 and 57.4 percent, respectively, of all cottonseed crushing employees, as compared with 55.8, 82.8 and 83.7 percent, respectively, of all peanut crushing

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[1] A copy of the questionnaire form is available upon request.

[2] This average is 1.3 cents lower than the average reported for October 1942 by the Bureau of Labor Statistics (Table 13). This difference is probably due in most part, if not entirely, to variations in the size and composition of the respective samples.

[3] The particular minimum rates discussed are chosen purely for illustrative purposes. The accompanying tables furnish comparable data for each of the one-cent intervals between 30 and 40 cents.

Table 14. Cottonseed and peanut crushing industry: Average hourly earnings, by type, location and size of reporting establishments, October 1942

Type, location and size of establishment	Number of establishments	Employees		Average hourly earnings a/ (cents)
		Number	Percent	
Total	270	15,102	100.0	39.1
Cottonseed crushing	251	14,095	93.3	39.4
Peanut crushing	19	1,007	6.7	34.1
Total	270	15,102	100.0	39.1
Southeastern and South Atlantic states b/	137	5,870	38.9	39.3
Southwestern states c/	123	8,585	56.8	37.3
All other states d/	10	647	4.3	64.0
Total	270	15,102	100.0	39.1
Less than 20 employees	14	171	1.1	37.7
20 to 49 employees	126	4,614	30.6	36.8
50 to 99 employees	106	7,084	46.9	38.6
100 employees and more	24	3,233	21.4	44.5

Source: Questionnaire survey conducted by the Wage and Hour and Public Contracts Divisions, October 1942

a/ Adjusted by raising all employees earning less than 30 cents an hour to the statutory minimum of 30 cents.

b/ Includes Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Tennessee.

c/ Includes Arizona, Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

d/ Includes California, Illinois, Missouri, and New York.

Table 15. Cottonseed and peanut crushing industry: Percentage of employees affected by, and estimated percentage increase in wage bill resulting directly from the adoption of various minimum hourly rates

Minimum hourly rate (cents)	All mills	Cottonseed crushing mills	Peanut crushing mills
	Percent of employees affected		
31	20.6	18.8	45.2
32	21.0	19.3	45.3
33	23.5	21.4	53.7
34	25.2	23.0	55.3
35	26.2	24.1	55.9
36	44.8	42.3	80.3
37	48.7	46.4	80.5
38	56.3	54.4	82.8
39	58.6	56.8	83.7
40	59.2	57.4	83.7
	Percent direct increase in wage bill		
31	0.5	0.5	1.4
32	1.0	1.0	2.7
33	1.6	1.5	4.2
34	2.3	2.1	5.9
35	2.9	2.7	7.6
36	4.1	3.8	10.0
37	5.3	4.9	12.4
38	6.6	6.2	14.3
39	8.1	7.6	17.3
40	9.6	9.1	19.8
Number of establishments in survey	270	251	19
Number of employees in survey	15,102	14,095	1,007
Average hourly earnings (cents) a/	39.1	39.4	34.1

Source: Questionnaire survey conducted by the Wage and Hour and Public Contracts Divisions, October 1942.

a/ Adjusted by raising all employees earning less than 30 cents an hour to the statutory minimum of 30 cents.

employees (Table 15). Cottonseed crushing mills in the Southeast and South Atlantic states would have a consistently higher percentage of employees directly affected by any given minimum than mills in other regions. To illustrate, 68.1 percent of all employees in that region would be affected by a 40-cent minimum, as against 47.6 percent in the Southwestern states, and 10.7 percent in the states of California, Illinois and Missouri combined (Table 16).

Direct wage bill increases: Perhaps more important from the employers' point of view than the percentage of workers affected by any given minimum, is the amount of additional wages the employer would have to pay. For the entire industry, wage bills would be directly increased (allowing for only such increases as are required to raise all employees earning below a given minimum up to that minimum) 2.3 percent by a 34-cent minimum, 6.6 percent by a 38-cent minimum, and 9.6 percent by a 40-cent minimum (Table 15).

The percentage of wage bill increase is also related to the type of mill and regional location. The adoption of a 40-cent minimum, for example, would require a direct wage bill increase of 9.1 percent for cottonseed crushing mills, as compared with 19.8 percent for peanut crushing mills; cottonseed mills located in the Southeast and South Atlantic states would have a 11.3 percent direct wage bill increase, those in the Southwestern states 7.5 percent, and those in the combined states of California, Illinois and Missouri, four-tenths of one percent (Table 16).

In order to indicate more fully the variations in wage bill increases from establishment to establishment in the industry, data have been prepared on an illustrative 40-cent minimum basis showing the number of establishments which would have specified percentage increases in wage bills (Table 17). Of the 270 establishments covered by the survey, 32 (employing 1717 workers) would have no direct wage bill increase, since all of their employees were earning 40 cents an hour or more. At the other extreme, 32 establishments (employing 1287 workers) would have direct wage bill increases of between 30 and 33.3 percent. Ninety-three establishments (employing 6773 workers) would have increases of between 0.01 to 9.9 percent, and 113 establishments (employing 5320 workers) would have a 10.0 to 29.9 percent increase. Table 17 also provides identical data broken down by size of plant. From these latter data the conclusion may be drawn that among the larger plants there is a smaller proportion of mills requiring large wage bill increases than there is among the plants of lesser size.

Estimated Direct Increase in Production Costs

By multiplying the direct percent increase in the wage bill for a given plant by the plant's ratio of labor costs to value of products, a reasonably accurate estimate of the percent increase in costs resulting directly from specified minimum wage rates may be obtained. The same may be done with the average for a region. Table 18 shows ratios of labor costs to value of products based on data from the 1939 Census of Manufactures. 1/ The ratios for the regions corresponding to the wage data for cottonseed crushing mills were multiplied by the corresponding wage bill increases and estimates of the increase in costs resulting directly from a 40 cent minimum wage rate (the highest minimum that may be

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1/ While the labor cost ratios may have changed to some extent since 1939, such changes would not affect appreciably the computations given below on the estimated increases in total production costs.

Table 16. Cottonseed crushing mills: Percentage of employees affected by, and estimated percentage increase in wage bill resulting directly from, the adoption of various minimum hourly wage rates, by region

Minimum hourly wage rate (cents)	United States	Southeast and South Atlantic states c/	Southwestern states b/	All other states d/
		Percent of employees affected		
31	18.8	22.6	15.6	0.2
32	19.3	23.1	16.2	0.3
33	21.4	25.8	17.5	0.3
34	23.0	27.8	18.8	0.5
35	24.1	29.1	19.8	0.5
36	42.3	48.5	37.8	3.6
37	46.4	55.4	38.4	3.6
38	54.4	63.9	46.3	6.3
39	56.8	67.6	46.9	10.7
40	57.4	68.1	47.6	10.7
		Percent direct increase in wage bill		
31	0.5	0.6	0.4	*
32	1.0	1.2	0.8	*
33	1.5	1.9	1.2	*
34	2.1	2.6	1.7	*
35	2.7	3.4	2.2	*
36	3.8	4.7	3.1	0.1
37	4.9	6.2	4.1	0.1
38	6.2	7.8	5.2	0.2
39	7.6	9.5	6.3	0.3
40	9.1	11.3	7.5	0.4
Number of establishments in survey	251	125	117	9
Number of employees in survey	14,095	7,900	5,559	636
Average hourly earnings (cents) a/	39.4	37.7	39.3	64.0

Source: Questionnaire survey conducted by the Wage and Hour and Public Contracts Divisions, October 1942.

a/ Adjusted by raising all employees earning less than 30 cents an hour to the statutory minimum of 30 cents.
b/ Includes Arizona, Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.
c/ Includes Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina and Tennessee.
d/ Includes California, Illinois and Missouri.
* Less than 0.05 percent.

Table 17. Cottonseed and peanut crushing industry: Distribution of establishments by size of plant and estimated percentage increase in wage bill resulting directly from the adoption of a 40-cent minimum hourly wage rate

Size of plant and estimated percentage increase in wage bill	Number of establishments in sample	Cumulative percentage	Number of employees in sample	Cumulative percentage
All size groups, total	270		15102	
No increase	32	11.9	1717	11.4
0.01 to 0.9 percent	29	22.6	2315	26.7
1.0 to 4.9 percent	26	32.2	2121	40.7
5.0 to 9.9 percent	38	46.3	2342	56.3
10.0 to 14.9 percent	40	61.1	2106	70.2
15.0 to 19.9 percent	22	69.3	1051	77.2
20.0 to 24.9 percent	23	77.8	958	83.5
25.0 to 29.9 percent	28	88.1	1205	91.5
30.0 to 33.3 percent	32	100.0	1287	100.0
Less than 20 employees	14		171	
No increase	2	14.3	22	12.9
10.0 to 14.9 percent	2	28.6	35	33.3
15.0 to 19.9 percent	1	35.7	18	43.9
20.0 to 24.9 percent	2	50.0	31	62.0
25.0 to 29.9 percent	1	57.1	7	66.1
30.0 to 33.3 percent	6	100.0	58	100.0
20 to 49 employees	126		4614	
No increase	19	15.1	762	16.5
0.01 to 0.9 percent	6	19.8	218	21.2
1.0 to 4.9 percent	6	24.6	249	26.6
5.0 to 9.9 percent	17	38.1	637	40.4
10.0 to 14.9 percent	19	53.2	722	56.1
15.0 to 19.9 percent	12	62.7	460	66.1
20.0 to 24.9 percent	15	74.6	514	77.2
25.0 to 29.9 percent	17	88.1	585	89.9
30.0 to 33.3 percent	15	100.0	467	100.0
50 to 99 employees	106		7084	
No increase	9	8.5	681	9.6
0.01 to 0.9 percent	17	24.5	1126	25.5
1.0 to 4.9 percent	12	35.8	843	37.4
5.0 to 9.9 percent	18	52.8	1273	55.4
10.0 to 14.9 percent	16	67.9	1025	69.8
15.0 to 19.9 percent	9	76.4	573	77.9
20.0 to 24.9 percent	5	81.1	310	82.3
25.0 to 29.9 percent	10	90.6	613	91.0
30.0 to 33.3 percent	10	100.0	640	100.0
100 employees and more	24		3233	
No increase	2	8.3	252	7.8
0.01 to 0.9 percent	6	33.3	971	37.8
1.0 to 4.9 percent	8	66.7	1029	69.7
5.0 to 9.9 percent	3	79.2	432	83.0
10.0 to 14.9 percent	3	91.7	324	93.0
20.0 to 24.9 percent	1	95.8	103	96.2
30.0 to 33.3 percent	1	100.0	122	100.0

Table 18. Cottonseed oil, cake, meal and linters establishments: Ratio of labor costs to total value of products, by geographic division and state, 1939

Geographic division	Labor costs a/ (in thousands of dollars)	Total value of products (in thousands of dollars)	Ratio of labor costs to value of products (in percent)
United States	13,625	171,476	7.9
South Eastern and South Atlantic states	6,304	81,092	7.8
North Carolina	614	6,077	10.1
South Carolina	628	7,586	8.3
Georgia	1,334	16,488	8.4
Tennessee	925	15,391	6.0
Alabama	962	10,756	8.9
Mississippi	1,791	24,794	7.2
South Western States	6,515	79,605	8.2
Arkansas	1,295	17,340	7.5
Louisiana	614	7,824	7.8
Oklahoma	583	6,142	9.5
Texas	3,721	44,407	8.4
New Mexico	106	1,165	9.1
Arizona	196	2,727	7.2
California	531	8,189	7.1
Other States b/	225	2,590	8.7

Source: Bureau of the Census, *Census of Manufactures, 1939*.

a/ Salaries and wages, except salaries of officers of corporations.

b/ Includes the states of Illinois, Missouri and Florida.

recommended by an industry committee) were computed and are shown below for the cottonseed crushing mills: 1/

Region	Ratio of labor costs to value of products	Increase resulting directly from the adoption of a 40 cent minimum: wage bill increase	Increase resulting directly from the adoption of a 40 cent minimum: increase in total production costs
United States	7.9%	9.1%	0.7%
Southeast and South Atlantic states	7.8%	11.3%	0.9%
Southwestern states	8.2%	7.5%	0.6%

For the country as a whole, the ratio of labor costs to value of product amounted to 7.9 percent while the increase in the wage bill resulting from a 40 cent minimum was 9.1 percent. Hence, the direct production cost increase required by a 40-cent minimum would be 7.9 percent of 9.1 percent or seven-tenths of one percent. The average direct cost increase for the Southeast and South Atlantic states would be somewhat greater - nine-tenths of one percent while that for the Southwest somewhat less - six-tenths of one percent.

Some Qualifications Regarding Data on Wage Bill and Production Cost Increases

The computations of wage bill and cost increases derived from the questionnaire survey data are intended to indicate only the direct effects which would occur if the only changes in wages, employment or other labor conditions were those resulting directly from the adoption of the minimum wage rate.

Changes in efficiency are not taken into account, nor is any estimate made of possible indirect cost increases resulting from the payment of higher wages to workers who might seek to maintain their existing wage differentials over those employees who are directly affected. The importance of these indirect effects is contingent on a number of factors which do not lend themselves to statistical treatment. Of considerable importance in this respect are such factors as the nature of the wage distribution in each establishment, the occupational or social cohesion of the workers, the methods of wage payment, (whether piece or time rates), the normal bargaining power of each of the parties, and general business conditions which affect the ability of each employer to accede to further wage demands. At the present time, furthermore, wage rates of over 40 cents per hour can be raised only in accordance with War Labor Board orders and are sharply restricted in accordance with the President's recent Executive Order (No. 9328).

Attention is also directed to the fact that all of these computations are based on wage data for October 1942. According to the Bureau of Labor Statistics, average hourly earnings in cottonseed crushing mills rose two cents from October 1942 to January 1943 (Table 13). Hence, the extent of direct wage bill and total production cost increases set forth in this report may be somewhat overstated.

1/ Similar data for each of the various possible minima between 30 and 40 cents an hour may be computed directly from Tables 16 and 18.

Appendix Table 1. Detailed summary for selected commodities included in industry 929 - Vegetable and Animal Oils, not elsewhere classified

Item	Peanut oils	Animal oils	Other vegetable oils
Number of establishments	1/ 8	2/ 5	3/ 24
Proprietors and firm members	-	-	9
Persons reported by manufacturing establishments, total	135	69	591
Salaried officers of corporations	4	9	12
Manufacturing:			
Salaried employees	16	7	65
Wage earners (average for the year)	100	36	491
Distribution	13	15	17
Construction	2	-	6
Other	-	2	-
Salaries and wages, total	$76,909	$126,685	$949,178
Salaried officers	16,421	54,920	61,470
Manufacturing:			
Salaries	11,593	6,726	115,170
Wages	41,227	39,084	730,073
Distribution	7,278	24,884	31,086
Construction	390	-	11,379
Other	-	1,071	-
Cost of materials, supplies, containers, fuel, purchased electric energy and contract work, total	$709,479	$555,066	$12,028,885
Materials, supplies, and containers	691,242	537,905	11,790,217
Fuel	6,276	11,902	103,349
Purchased electric energy	11,961	5,259	135,319
Contract work	-	-	-
Value of products	4/ $822,476	5/ $743,044	6/ $15,141,693
Value added by manufacture	112,997	187,978	3,112,808

Source: Department of Commerce, Bureau of the Census, Census of Manufactures, 1939

1/ Alabama, 3 establishments; Georgia, 3; North Carolina, 1; and Virginia, 1.
2/ Delaware, 2 establishments; Indiana, 1; and Pennsylvania, 2.
3/ California, 10 establishments; Connecticut, 2; Florida, 1; Georgia, 1; Illinois, 2; Maryland, 1; Massachusetts, 1; Mississippi, 1; New Jersey, 2; Oregon, 1; Pennsylvania, 1; and Washington, 1.
4/ Peanut oil, $611,416; Peanut cake and meal, $200,776; Peanut hulls, etc., $10,284.
5/ Neatsfoot oil, $180,561; All other animal oils, $478,702; All other (marine-animal oils) $83,781.
6/ Cocoanut oil, $5,857,947; Cocoanut cake and meal, $1,248,899; Peanut oil, $895; Peanut cake and meal, $450; All other vegetable oils, $7,345,472; All other vegetable cake and meal, $595,250; All other animal oils, $5,100; Fish oil, $1,800; All other products, $85,880

Appendix Table 2. Factory consumption of animal and vegetable fats and oils, during the fourth quarter of 1942, by classes of products

(Quantities in thousands of pounds)

Kind of fat or oil	Total for October, November, and December 1942	Used in refining	Fat splitting	Subjected to sul-phonation	Shortening	Cooking and salad oils	Salad dressing, mayonnaise, etc.
Total		861,299	39,359	9,496	320,086	130,490	53,742
VEGETABLE OILS:							
Cottonseed, crude	569,743	569,166	-	42	-	-	-
Cottonseed, refined	392,221	-	-	930	184,079	115,857	27,157
Peanut, crude or virgin	27,188	27,100	-	22	-	-	-
Peanut, refined	11,355	-	-	375	6,236	2,004	-
Coconut, crude	23,140	10,165	258	1	-	-	-
Coconut, refined	8,310	-	150	6	17	-	-
Corn, crude	62,057	60,941	-	265	-	-	-
Corn, refined	25,826	-	-	30	294	1,604	21,890
Soybean, crude	197,532	190,879	180	83	-	-	-
Soybean, refined	163,361	-	-	180	91,882	10,584	4,695
Olive, edible	398	-	-	-	-	264	-
Olive, inedible	144	-	-	11	-	-	-
Olive, sulphur oil or olive foots	1,343	-	-	3	-	-	-
Palm kernel, crude	1/	-	-	-	-	-	-
Palm kernel, refined	85	-	-	-	-	-	-
Palm, crude	9,323	107	-	-	-	-	-
Palm, refined	2,003	-	-	4	1,238	-	-
Babassu, crude	2,904	662	-	-	-	-	-
Babassu, refined	745	-	59	-	-	-	-
Rapeseed	4,018	-	-	-	-	-	-
Linseed	125,593	-	259	3	-	-	-
China wood or tung	2,064	-	-	-	-	-	-
Perilla	443	-	-	-	-	-	-
Castor No. 1, crude	9,735	812	-	540	-	-	-
Castor No. 3, crude	5,558	-	1,040	1,675	-	-	-
Castor, dehydrated	5,400	-	-	-	-	-	-
Castor, sulphonated	1,867	-	-	-	-	-	-
Sesame	29	-	-	-	2	16	-
Oiticica	1,326	-	-	-	-	-	-
Other vegetable	7,188	-	-	353	5,665	161	-
ANIMAL FATS:							
Lard, rendered (include neutral lard and rendered pork fat)	15,721	-	-	-	13,273	-	-
Tallow, edible	18,142	-	-	2	16,167	-	-
Tallow, inedible	323,110	-	25,050	1,444	-	-	-
Neat's-foot oil	2,007	5	-	485	-	-	-
FISH AND MARINE MAMMAL OILS:							
Cod oil	2,489	-	-	445	-	-	-
Cod-liver oil	1,283	-	-	-	-	-	-
Other liver oil	749	-	-	19	-	-	-
Marine mammal oils	3,645	-	-	313	-	-	-
Fish oil	34,415	33	451	1,770	1,233	-	-
GREASES:							
Greases, other than wool	132,918	-	11,912	207	-	-	-
Wool grease	4,464	1,429	-	288	-	-	-

Source: U. S. Department of Commerce, Bureau of the Census

1/ Included in "Other vegetable."

Appendix Table 2. Factory consumption of animal and vegetable fats and oils, during the fourth quarter of 1942, by classes of products (continued)

(Quantities in thousands of pounds)

Kind of fat or oil	Oleomargarine	Other edible products	Soap	Paint and varnish	Linoleum and oilcloth	Printing inks	Lubricants, cutting oils, and greases	Other misc. products
Total	103,168	14,956	427,145	109,590	17,909	3,681	19,253	90,668
VEGETABLE OILS:								
Cottonseed, crude	-	-	299	-	-	1	148	87
Cottonseed, refined	55,773	7,217	78	227	-	13	174	716
Peanut, crude or virgin	-	-	54	5	-	-	1	6
Peanut, refined	126	1,646	48	-	-	-	113	807
Coconut, crude	-	-	12,525	-	-	-	1	190
Coconut, refined	-	32	4,277	2	-	-	-	3,826
Corn, crude	-	-	500	7	-	-	4	340
Corn, refined	446	1,135	127	11	-	1	58	230
Soybean, crude	-	-	2,181	954	56	4	50	3,145
Soybean, refined	44,223	2,951	2,504	4,466	44	25	89	1,718
Olive, edible	-	100	2	-	-	-	-	32
Olive, inedible	-	-	84	-	-	-	26	23
Olive, sulphur oil or olive foots	-	-	1,332	-	-	1	-	7
Palm kernel, crude	-	-	1/	-	-	-	-	1/
Palm kernel, refined	-	23	46	-	-	-	11	5
Palm, crude	-	-	4,669	-	-	-	2	4,545
Palm, refined	-	-	749	-	-	-	6	6
Babassu, crude	-	-	2,242	-	-	-	-	-
Babassu, refined	-	-	684	-	-	-	2	-
Rapeseed	-	-	-	14	-	-	3,318	686
Linseed	-	-	995	89,702	17,195	3,343	158	13,938
China wood or tung	-	-	-	1,837	-	3	11	213
Perilla	-	-	-	410	-	22	-	11
Castor No. 1, crude	-	-	81	942	26	9	87	7,238
Castor No. 3, crude	-	-	26	194	1	32	44	2,546
Castor, dehydrated	-	-	-	4,759	120	13	7	501
Castor, sulphonated	-	-	263	130	-	6	5	1,463
Sesame	-	-	8	-	-	-	-	3
Oiticica	-	-	-	940	-	73	-	313
Other vegetable	-	60	724	12	-	1	-	212
ANIMAL FATS:								
Lard, rendered (include neutral lard and rendered pork fat)	2,494	273	12	-	-	2	39	628
Tallow, edible	106	1,519	98	-	-	1	54	195
Tallow, inedible	-	-	286,214	2	-	13	6,544	3,843
Neat's-foot oil	-	-	1	5	-	-	201	1,310
FISH AND MARINE MAMMAL OILS:								
Cod oil	-	-	-	-	-	-	13	2,031
Cod-liver oil	-	-	-	-	-	-	-	1,283
Other liver oil	-	-	-	-	-	-	-	730
Marine mammal oils	-	-	1,863	-	-	-	1,290	179
Fish oil	-	-	16,813	4,930	467	21	1,362	7,335
GREASES:								
Greases, other than wool	-	-	87,646	31	-	60	4,076	28,986
Wool grease	-	-	-	10	-	37	1,359	1,341

Source: U. S. Department of Commerce, Bureau of the Census

1/ Included in "Other vegetable."

Appendix Table 3. Production and disappearance of specified fats and oils, crude basis, United States, 1940-42

Item	Production			Apparent domestic disappearance including military use		
	1940	1941	1942 a/	1940	1941	1942 a/
	Million pounds					
Animal fats and oils						
Butter b/	2,240	2,268c/	2,159	2,244	2,185	2,236
Lard and rendered pork fat b/	2,343	2,282c/	2,500	1,979	1,967	1,922
Neat's-foot oil	4	4	5	6	7	7
Oleo oil	69	92	106	69	90	102
Oleo stearine and oleo stock	39	50	59	37	46	63
Tallow, edible	79	91	112	80	95	118
Tallow, inedible, and greases, excluding wool grease	1,375	1,551	1,740	1,234	1,649	1,852
Wool grease	10	13	15	11	17	16
Fish-liver oil	6	9	7	46	36	13
Fish oil	162	211	143	193	198	144
Marine mammal oil	20	1	d/	34	28	19
Total, animal	6,346	6,573	6,846	5,931	6,319	6,493
Vegetable oils						
Babassu oil	61	46	e/	60	41	34
Castor oil	100	155	147	90	157	146
Coconut oil	347	318	111	598	726	202
Corn oil	158	203	248	172	174	264
Cottonseed oil	1,274	1,392	1,386	1,378	1,566	1,402
Linseed oil	606	868	960	590	816	832
Olive oil, edible	4	10	7	53	22	16
Olive oil, inedible	---	---	---	6	3	d/
Olive oil, foots	---	---	---	17	11	4
Palm-kernel oil	13	e/	e/	12	7	2
Palm oil	---	---	---	181	292	131
Peanut oil	84	150	76	62	146	93
Perilla oil	---	---	---	20	9	4
Rape oil	---	---	---	13	9	19
Sesame oil	7	e/	e/	5	5	1
Soybean oil	533	586	762	499	556	718
Tung oil	1	5	5	68	70	17
Other vegetable oils f/	4	21	41	31	59	76
Total, vegetable	3,193	3,754	3,743	3,854	4,669	3,960
Grand total	9,538	10,326	10,589	9,785	10,988	10,453
Total from domestic materials	8,781	9,388	10,034	---	---	---

Source: Fats and Oils Situation, March 1943. Production compiled from reports of the Bureau of the Census, Bureau of Agricultural Economics, Food Distribution Administration, and Fish and Wildlife Service. Apparent domestic disappearance computed from data on production, trade (Bureau of the Census), and stocks (Bureau of the Census and Food Distribution Administration). Totals computed from unrounded numbers.

a/ Preliminary.
b/ Including farm production.
c/ Tentative; official estimate for farm production not yet available.
d/ Less than 500,000 pounds.
e/ Included in other vegetable oils.
f/ Includes cashew nut shell oil, Japan wax (tallow), murumuru-kernel oil, oiticica oil, sunflower oil, teaseed oil, tucum-kernel oil, vegetable tallow, and miscellaneous vegetable oils.

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Economic factors bearing on Cottonseed..industry
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